

Message Text

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PAGE 01 KHARTO 00980 070909Z
ACTION COME-00

INFO OCT-01 AF-10 NEA-10 ISO-00 EB-08 OPIC-03 /032 W
-----002662 071038Z /17

R 070634Z MAR 78
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 6719
INFO AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY NAIROBI
AMEMBASSY ROME
AMEMBASSY KUWAIT

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ROME FOR RCAA

E.O. 11652: N/A
TAGS: EINV, BEXP, SU
SUBJ: MORE AMERICAN HOTELS FOR SUDAN

REF: KHARTOUM A-13, FEBRUARY 7, 1977 (NOTAL)

1. US HOTEL CHAINS ARE EXPECTED TO PLAY STRONG ROLE IN MAJOR EXPANSION INTERNATIONAL CLASS HOTELS IN KHARTOUM AND ELSEWHERE IN SUDAN. ACCORDING MAHGOUB MOHAMAD ALI, GENERAL MANAGER, HOTEL AND TOURISM CORPORATION (HTC) SERIOUS NEGOTIATIONS ARE PRESENTLY UNDERWAY WITH TWO US CHAINS, AND EMBASSY AWARE OF TWO OTHERS WHO ALSO BEING APPROACHED BY LOCAL INTERESTS.
2. MAHGOUB MOHAMAD ALI TOLD DCM MARCH 6 DURING CONVERSATION ON OTHER SUBJECT THAT HTC IN FINAL STAGES DISCUSSION WITH RAMADA INN FOR HOTELS IN KHARTOUM AND PORT SUDAN. THESE WOULD BE FINANCED BY SWISS INTERESTS. HE HOPES TO ANNOUNCE AGREEMENT SOON. HTC ALSO NEGOTIATING WITH HYATT INTERNATIONAL WHO WOULD COME IN WITH KUWAITI FINANCING.

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HYATT ITSELF WOULD TAKE 10 PERCENT OF EQUITY, MOHAMAD ALI SAID. IN ADDITION TO THESE PROJECTS, CHAIRMAN SUDAN AIRWAYS HAS EXPRESSED INTEREST IN WORKING WITH INTERCONTINENTAL CHAIN AND KHALIL OSMAN TOLD US THAT MERIDIEN HERE, WHICH OWNED BY GULF INTERNATIONAL GROUP, WISHES TO SHIFT MANAGEMENT TO SHERATON. WE ALSO UNDERSTAND HILTON OWNERS ARE CONTEMPLATING EXPANDING THAT VERY

PROFITABLE HOTEL.

3. MOHAMAD ALI SAID THAT GRAND HOTEL WOULD OPEN IN MAY AFTER WHICH RENOVATIONS WOULD BEGIN AT SUDAN HOTEL. HOWEVER, AFTER PAINFUL LESSONS LEARNED DURING GRAND RENOVATION, HTC WOULD MAKE SURE ALL MATERIALS WERE ON HAND BEFORE BEGINNING SUDAN HOTEL RENOVATION. IN ADDITION TO HOTELS MENTIONED ABOVE, HE SAID ITALIAN-SWISS GROUP WOULD BE BUILDING HOTEL IN OMDURMAN. HE SAID THAT EVEN WITH THESE PROJECTS COMPLETED KHARTOUM WOULD BE WOEFULLY SHORT OF INTERNATIONAL CLASS HOTEL ACCOMMODATIONS. HOTELS WOULD GENERATE THEIR OWN DEMAND, AND TOURIST BUSINESS EXPECTED INCREASE SUBSTANTIALLY AFTER ROADS NOW UNDER CONSTRUCTION ARE COMPLETED.

4. COMMENT: THERE NO QUESTION ABOUT NEED FOR MORE INTERNATIONAL CLASS HOTELS IN KHARTOUM AND ELSEWHERE IN COUNTRY. SUCCESS OF HILTON HAS INTENSIFIED INTEREST HERE IN AMERICAN HOTELS, AND PRESUMABLY HILTON PROFITABILITY WILL CAUSE INVESTORS TO TAKE SECOND LOOK. NEVERTHELESS, EACH PROJECT DISCUSSED ABOVE WILL REQUIRE CONSIDERABLY MORE DISCUSSION OR NEGOTIATION BEFORE CONTRACTS ARE SIGNED, LET ALONE COMMENCEMENT OF CONSTRUCTION. WILL BE YEARS BEFORE NEW HOTELS ARE OPEN FOR BUSINESS. IT IS LIKELY, HOWEVER, THAT PACE OF ACTIVITY WILL BEGIN INCREASE, AND OVER NEXT SEVERAL MONTHS WE SHALL BE MONITORING HOTEL DEVELOPMENTS WHICH INVOLVE SEVERAL TOP US FIRMS.

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BERGUS

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